



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Jennifer A. Maguire

**SUBJECT: UPDATED INFORMATION
REGARDING THE 2008-2009
GENERAL FUND PROPERTY
TAX REVENUE ESTIMATE**

DATE: May 27, 2008

Approved

Christine F. Shipley

Date 05/27/08

RECOMMENDATION

The following amendments to the 2008-2009 General Fund Proposed Budget are recommended:

1. Increase the revenue estimate for Property Tax by \$875,000; and
2. Allocate any or all of the \$875,000 additional revenue as part of the 2008-2009 Budget process, with any unused balance distributed to the Contingency Reserve.

BACKGROUND

Since the release of the Proposed 2008-2009 Operating Budget on May 1, 2008, additional information has become available regarding the status of General Fund Property Tax revenues projected for 2008-2009. This information results in the availability of \$875,000 in additional funding for City Council allocation in 2008-2009.

ANALYSIS

An increase of \$875,000 to the Property Tax revenue estimate is recommended to reflect higher Secured Property Tax receipts for 2007-2008 that will serve as the starting point for the 2008-2009 collections. The County of Santa Clara provided updated estimates for 2007-2008 at its quarterly meeting held on May 21, 2008. The Secured Property Tax estimate was adjusted upwards based on revised estimates that lowered the projected impact of property reassessments during the year. It is now anticipated that Secured Property Tax receipts will total \$183.8 million in 2007-2008, up from \$183.0 million assumed when the 2008-2009 Proposed Operating Budget was released. From this revised starting point of \$183.8 million, the 2008-2009 budgeted growth rate of 4.5% for Secured Property Taxes would remain in place. This would result in an increase in the 2008-2009 Secured Property Tax budget estimate from \$191.2 million to \$192.1 million.

Jennifer A. Maguire

Jennifer A. Maguire
Acting Budget Director